

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: March 6, 2007 Bill Number: S.B. 422
Authors: McConnell Committee Requesting Impact: Senate Finance

Bill Summary

A bill to amend Section [12-43-220](#), as amended, Code of Laws of South Carolina, 1976, relating to valuation and classification of property for purposes of the property tax, so as to provide that the owner-occupant of residential property qualifies for the special four percent assessment ratio allowed owner-occupied residential property if the owner has made the proper certificate to the county assessor and the residence is the owner's address on the owner's South Carolina driver's license or voter registration card, is the address on the owner's personal property tax notices, and the residence is not rented for more than ninety days a year, and to delete other references to rental of these residences.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues. Local property taxes would be reduced by an estimated \$230,000 as a result of homes currently receiving a 6.0% assessment ratio getting the 4.0% owner-occupied assessment ratio. Expenditures from the Homestead Exemption Fund will be increased by \$370,000 in FY 2007-08 to reimburse these additional homes that will qualify for the 4.0% assessment ratio.

Explanation

Under current law, owner occupied homes are assessed at 4.0% for property tax purposes. All other homes are assessed at 6.0% for property tax purposes. Also, under current law, an owner-occupied home can be rented out for less than fifteen days and still get the 4.0% assessment ratio. This bill would allow the home to keep the 4.0% assessment ratio if it is not rented for more than ninety days in a calendar year. This bill applies to property tax years beginning after 2004. Homes that will now qualify for the 4.0% assessment ratio because of this bill will be eligible for refunds or credits for property taxes paid in 2005 and 2006. Based on conversations with the Charleston county assessor's office and other county offices, we estimate local property taxes will be reduced by \$230,000 as a result of homes currently receiving a 6.0% assessment ratio getting the 4.0% owner-occupied assessment ratio. Expenditures from the Homestead Exemption Fund will be increased by \$370,000 in FY 2007-08 to reimburse these additional homes that will qualify for the 4.0% assessment ratio.

/s/ WILLIAM C. GILLESPIE, Ph.D.
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Chief Economist

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.